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6 UNITED STATES DISTRICT COURT  
7 WESTERN DISTRICT OF WASHINGTON  
8 AT SEATTLE

9 STANDARD INSURANCE COMPANY,

10 Plaintiff,

11 v.

12 CAROL NELSON and VICTORIA  
13 SIMPSON,

14 Defendants.

CASE NO. C07-0140RSM

ORDER GRANTING MOTION  
FOR JUDGMENT IN  
INTERPLEADER

15 **I. INTRODUCTION**

16 This matter comes before the Court on plaintiff's Motion for Judgment in Interpleader.  
17 (Dkt. #12). Plaintiff argues that it properly filed an interpleader action under Federal Rule of  
18 Civil Procedure 22, that it deposited the extent of its policy limit, \$197,500.00, with the Court,  
19 and is now properly dischargeable from this suit as a disinterested stakeholder. Plaintiff also  
20 argues that defendants should be enjoined from prosecuting claims against plaintiff relating to  
21 the contested benefit and that plaintiff should be awarded attorney's fees and costs to be  
22 deducted from the funds deposited with the Court. Defendants have failed to respond to the  
23 motion.

24 Having reviewed plaintiff's motion and the remainder of the record, and for the reasons  
25 set forth below, the Court hereby GRANTS plaintiff's motion for judgment in interpleader.

26 ORDER  
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## II. DISCUSSION

### **A. Background**

On April 26, 2007, plaintiff filed the instant interpleader action, naming Carol Nelson and Victoria Simpson as defendant-claimants. Plaintiff states that it issued a group life insurance policy to the City of Seattle. Kenneth K. Watanabe, as an eligible employee of the City, applied for life insurance coverage in October 2002. At that time Mr. Watanabe named Carol Nelson as the sole beneficiary. The dispute in this action revolves around whether Mr. Watanabe validly changed his sole beneficiary designation from Carol Nelson to Victoria Simpson, via the City's online application.

In January of 2006, Mr. Watanabe died. The plaintiff does not dispute that benefits under the policy are due and payable to the beneficiary or beneficiaries of the policy. As of Mr. Watanabe's death, the benefit amount was \$197,500.00. On February 7, 2007, Plaintiff deposited the policy benefit amount of \$197,500.00 with the Court.

### **B. Discharge of stakeholder**

Once it has been determined that an interpleader action is appropriate, federal courts are entitled to discharge a disinterested stakeholder in an interpleader action. *Gen. Elec. Capital Assurance v. Van Norman*, 209 F. Supp. 2d 668, 670 (S.D. Tex. 2002) (dismissing stakeholder in rule interpleader action); *see* 7 Charles Alan Wright, Arthur R. Miller & Mary Kay Kane, Fed. Prac. & Proc. § 1704 (3d ed. 2001) (hereinafter "Wright, Miller & Kane"). Federal courts maintain subject matter jurisdiction over rule interpleader actions even when the diverse stakeholder is dismissed, leaving co-citizen claimants to litigate the outcome of the stake in controversy. 7 Wright, Miller & Kane § 1710 ("federal courts wisely have chosen to proceed to the second stage of interpleader either on the notion that once diversity jurisdiction exists in a rule-interpleader case it is not lost when the stakeholder is discharged or by invoking the theory

1 that there is ancillary jurisdiction over the second stage of the interpleader.”) (internal citations  
2 omitted).

3 In the instant case, there appears to be no question that plaintiff is entitled to file an  
4 interpleader action, plaintiff has disclaimed any further interest in the proceeds of the insurance  
5 policy at issue, and defendants have declined to object to the motion. Accordingly, the Court  
6 finds that discharge is appropriate and GRANTS plaintiff’s motion for discharge. *See GE*  
7 *Capital Assur. v. Van Norman*, 209 F. Supp.2d 668, 670 (S.D. Tex. 2002); *Equitable Life*  
8 *Assurance Soc. v. Miller*, 229 F. Supp. 1018 (D. Minn. 1964) (finding that when interpleader is  
9 proper, discharge is justified); *Savannah Bank & Trust Co. v. Block*, 175 F. Supp. 798 (S.D. Ga.  
10 1959).

### 11 **C. Injunction**

12 Plaintiff also requests that the Court enjoin defendants from prosecuting any other claims  
13 against plaintiff relating to the benefit under the insurance policy. Plaintiff argues that 28 U.S.C.  
14 § 2361 permits the Court to issue such an injunction. However, “[s]ection 2361 only authorizes  
15 injunctions against other judicial proceedings in statutory-interpleader actions; it does not apply  
16 to rule interpleader.” 7 Wright, Miller & Kane § 1717; *See Cordner v. Metropolitan Life Ins.*  
17 *Co.*, 234 F. Supp. 765, 767 (D.C. N.Y. 1964) (“Section 2361 also provides, as Rule 22(1) does  
18 not, for the issuance of injunctions . . .”). Plaintiffs have filed this interpleader action under  
19 Rule 22, and therefore do not have § 2361 at their disposal.

20 Even though § 2361 does not apply in this rule interpleader action, a court may grant the  
21 injunction requested by plaintiff under 28 U.S.C. § 2283. A federal court may permit an  
22 injunction against claimants to an interpleader action where it is “necessary in aid of its  
23 jurisdiction, or to protect or effectuate its judgments.” 28 U.S.C. § 2283; *Emmco Ins. Co. v.*  
24 *Frankford Trust Co.*, 352 F. Supp. 130, 132-133 (D.C. Pa. 1972) (enjoining claimants in rule  
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1 interpleader action from further action against stakeholder under § 2283). Plaintiff requested  
2 that “[t]o protect Standard from competing claims by Defendants, the Court should enjoin  
3 Defendants from prosecuting all claims against Standard relating to the benefit under the Policy,  
4 and to instead assert their claims only in this proceeding.” (Dkt. #12 at 4). This District’s Local  
5 Rules state that “[i]f a party fails to file papers in opposition to a motion, such failure may be  
6 considered by the court as an admission that the motion has merit.” Local Rule CR 7(b)(2).  
7 Upon review of the record and plaintiff’s request, the Court further finds that an injunction  
8 would aid in this Court’s jurisdiction and would protect the judgment upon conclusion of this  
9 proceeding. Accordingly, plaintiff’s motion to enjoin defendants is GRANTED.

#### 10 **D. Attorneys fees and costs**

11 Finally, plaintiff has requested an award for its reasonable attorney fees and costs incurred  
12 in this interpleader action, to be deducted from the funds deposited to the Court and paid to  
13 plaintiff. The Ninth Circuit has recognized that a plaintiff “in an action in the nature of  
14 interpleader . . . should be awarded attorney fees for the services of his attorneys in  
15 interpleading.” *Schrimer Stevedoring Co. Ltd. v. Seaboard Stevedoring Corp.*, 306 F.2d 188,  
16 194 (9th Cir. 1962) (awarding attorney fees and costs related to interpleading in statutory  
17 interpleader action). Defendants have failed to provide any reason why this Court should not  
18 exercise its discretion to award reasonable attorney fees and costs to the plaintiff. Therefore, the  
19 court GRANTS plaintiff’s motion for reasonable attorneys fees and costs.

20 However, plaintiff has not yet provided documentation supporting its request for fees.  
21 Plaintiff shall file a motion for such fees and costs, setting forth the specific amount requested  
22 with supporting documentation. Plaintiff shall properly note the motion pursuant to the Court’s  
23 Local Rules.

### 24 **III. CONCLUSION**

1 Having reviewed plaintiff's Motion for Judgment in Interpleader and the remainder of the  
2 record, the Court does hereby find and ORDER:

3 (1) Plaintiff's Motion for Judgment in Interpleader (Dkt. #12) is GRANTED. Plaintiff is  
4 hereby fully discharged from this action with prejudice, and with fees and costs to be determined  
5 on plaintiff's subsequent motion.

6 (2) The Clerk is directed to forward a copy of this Order to all counsel of record.

7 DATED this 17<sup>th</sup> day of May, 2007.

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10 RICARDO S. MARTINEZ  
11 UNITED STATES DISTRICT JUDGE  
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